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Noted by DCI

11/3/53

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Noted by S/DCI

11/3/53

26 October 1953

## MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: Trieste

1. At your suggestion, the IAC on 13 October, requested the Department of State to block out draft terms of reference for an estimate on Trieste, for subsequent consideration by the Board and the IAC representatives (IAC-4-125).
2. State did this, addressing itself to the problem of estimating Italian and Yugoslav courses of action and the effect of this action on other nations and US interests. (See ANNEX "A")
3. The Board believes that an estimate prepared along the lines suggested by State would serve no use to the Department of State or the NSC in the present crisis.
4. Mr. Armstrong asserts that in his judgment there is no requirement for such a paper in the Department.
5. If a paper must be produced, the Board is of the opinion that to be useful, the estimate should address itself to probable Yugoslav and Italian courses of action in response to various alternative US-UN courses of action. For this estimate the Board would require an official NSC list of possible US-UN courses of action, such as appear in Section IV, page 3, of ANNEX "B" (attached).
6. Whatever your decision, be assured that this Office is following current developments and is prepared to act promptly should an estimate be called for.

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7. Recommendation

That you instruct the Board ~~not~~ to proceed with an estimate on Trieste.

/s/  
SHEPHERD KENT  
Assistant Director  
National Estimates

COUNCIL IN:

/s/ 27 Oct 53  
Deputy Director Intelligence

30 October 1953 - EA/DCI advises that D/DCI decided to not pass this paper to DCI for action but to present the case directly to IAC. FNP

RECOMMENDATION APPROVED:

Director of Central Intelligence

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ANNEX "A"

SUBJECT: SUGGESTED TERMS OF REFERENCE, NIE — TRIESTE

THE PROBLEM

To estimate Italian and Yugoslav courses of action with respect to Trieste and the probable effect of such courses of action on other nations and on United States interests.

QUESTIONS BEARING ON THE PROBLEM

I. CONFLICTING AMBITIONS OF ITALY AND JUGOSLAVIA

A. The Italian Position

1. What does Italy demand in the present Trieste crisis?
2. How do these demands relate to her historic position and ambitions in the Adriatic?

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3. What are the elements in Italy forcing or slowing these demands?
4. How far, and in what direction, is Italy prepared to go to enforce these demands?
5. What degree of satisfaction to Italian demands might be expected to provide at least a temporary answer for Italy? For how long?

B. The Yugoslav Position

1. What are Tito's demands with respect to Trieste?
2. How are these demands a reflection of the historic Slav position and interest?
3. What are the forces in Yugoslavia making for a strong position on this question? For a moderate position?
4. How far is Tito prepared to go to enforce his demands?
5. How much less than full satisfaction might keep Tito quiet? And for how long?

C. The US-UK Position and Trieste

1. How did the original split between zones "A" and "B" develop?
2. How was the March 1948 declaration designed to influence and affect the Trieste problem?

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3. How did the introduction of limited Italian political influence affect this area?
4. What have been the policies of the US-UK authorities in Trieste to the problem of eventual control?
5. How would the US-UK measures of October 1953 affect Trieste?

D. The Triestini

1. What is the composition of the population in Trieste?
2. What is Trieste's economic situation? Political?
3. What are the feelings and attitudes of the Triestini towards Italy? Yugoslavia? US and UK?

II. MILITARY RELATIONSHIP OF ITALY AND JUGOSLAVIA

A. Italy's Military Position

1. Ground forces -- strength? capability?
2. Naval forces -- strength? capability?
3. Air forces -- strength? capability?
4. What is the reserve, supply, industrial capacity which could be brought to support Italian forces in any conflict with Yugoslavia?

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**B. Jugoslavia's Military Position**

1. Ground forces -- strength? capability?
2. Naval forces -- strength? capability?
3. Air forces -- strength? capability?
4. What is the reserve, supply, industrial capacity which could be brought to support Yugoslavian forces in any conflict with Italy?

**C. Results of a Military Solution**

1. Can we estimate what the likely course a Yugoslav resort to arms might take?
2. Can we estimate the results of such a conflict as far as Trieste is concerned? As far as the rest of the world is concerned?

**III. NON-MILITARY SOLUTIONS TO TRIESTE**

**A. Current proposals to deal with Trieste without use of force by Italy or Yugoslavia**

1. What are the present proposals for solution to the Trieste problem?
2. What are the Italian and Yugoslav prospects for accepting all or any part of any of these proposals?

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**B. Interests of Other Powers in a Trieste Solution**

1. What are the interests of the major powers in a Trieste solution? the NATO powers? the USSR?
2. How would a Trieste solution affect the workings of the Balkan group (Greece-Turkey-Jugoslavia)?
3. Could a Trieste solution bring close Italo-Jugoslav cooperation on defense questions?

**ANNEX**

(if desirable)

What is the background of the Trieste dispute? Historic position of Trieste. Position under the Austro-Hungarian Empire. Conflict at the end of the first World War. Italianization; seizure of Fiume. Course of second World War in the area. Early post-war Slav domination. Istrian problem; incorporation of large area into Yugoslavia. The UN effort to establish a small, independent state. Impossibility of agreement on Governor. Split into Yugoslav and US-UK zones.

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ANNEX "B"

**SUBJECT: STAFF DRAFT TERMS OF REFERENCE FOR A SPECIAL ESTIMATE  
ON THE TRIESTE PROBLEM**

**THE PROBLEM**

To estimate probable Yugoslav and Italian courses of action in response to various alternative US-UK courses of action concerning Trieste.

**I. BACKGROUND OF THE TRIESTE PROBLEM**

1. What have been the principal international developments on the Trieste issue in the postwar period?
2. What are the real interests of Italy and Yugoslavia in the Free Territory, aside from considerations of international prestige and domestic political pressures?
3. What has been the course of Italo-Yugoslav bilateral negotiations, and what were their respective negotiating positions just prior to 8 October?

**II. DEVELOPMENTS SINCE 8 OCTOBER**

**A. Political Repercussions in Italy and Yugoslavia**

1. Was the violence of the Yugoslav reaction to the 8 October

decision due to the Government's own conception of

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appropriate tactics vis-a-vis Italy and the US-UK, or was its hand forced by popular sentiment?

2. What latitude will the Tito regime have, or think it has, in compromising the positions it has assumed since 8 October? Are there opposing factions within the regime or Communist Party on Trieste policy?
3. Is the Pella government stronger or more vulnerable in the Parliament and the country as a result of the US-UK decision of 8 October?
4. Will the Pella government be able to remain in power if it enters bilateral negotiations with Yugoslavia or a five-power conference prior to acquiring full control of Zone A?

B. Present Positions of Italy and Yugoslavia

1. What is the attitude of the two parties toward renewed negotiations, bilateral or in a five-power conference?
2. What are the minimum demands of the two parties for at least a provisional settlement of the issue?
3. What pressures, internal or external, are likely either to further or oppose a compromise settlement bridging the minimum demands of both sides?

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### III. MILITARY FACTORS

1. What military forces do Italy and Yugoslavia have available for use in the Trieste area?
2. What is the capability of both sides for the seizure of disputed portions of the Free Territory? To conduct guerrilla warfare in the Free Territory?
3. Is either party militarily prepared or politically able to enter major hostilities?
4. Is there likelihood that either party would be willing to employ force on either a general or limited scale?

### IV. PROBABLE COURSES OF ACTION

1. What courses of action are Italy and Yugoslavia likely to adopt in response to the following alternative US-UK courses of action:
  - a. Withdrawal of the decision of 8 October;
  - b. Indefinite postponement of its implementation;
  - c. Transfer by stages of civil administration in Zone A to Italy, with US-UK troops remaining indefinitely;
  - d. In addition to c., admission of Italian troops to Zone A;

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- e. Transfer of full civil and military control of  
Zone A to Italy and withdrawal of US-UK troops.
- 2. How will the actions of other powers including the USSR  
affect Yugoslav and Italian courses of action in each  
of these contingencies?

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CENTRAL INTELLIGENCE AGENCY  
OFFICE OF NATIONAL ESTIMATES

21 October 1953

STAFF MEMORANDUM NO. 401

SUBJECT: A Special Estimate on the Trieste Problem

1. Attached as Annex "A" are draft terms of reference on the Trieste problem presented by OIR in accordance with the IAC's request of 13 October. It is suggested that the Board take action in one of the following ways:

a. Accept these terms as the basis for a paper, clear some minor modifications with OIR, and distribute the document to the IAC agencies.

b. Approve and circulate new terms of reference which would take account of alternative assumptions as to US-UK courses of action (A preliminary draft of such terms appears as Annex "B").

c. Recommend to the IAC (1) that no estimate on the immediate Trieste crisis be undertaken at this time and (2) that when the immediate crisis is resolved new estimates be undertaken to assess the effects for Yugoslav-Western relations, Italian domestic developments and foreign policy, or any others that then seem relevant.

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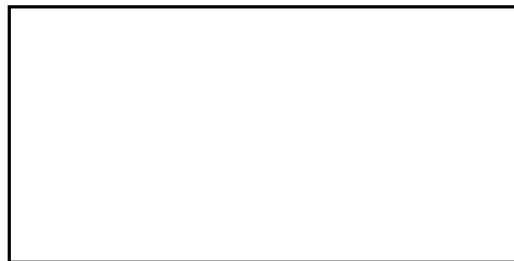
2. The principal difficulty with the terms of reference suggested by OIR is that they do not present a precise estimative problem. Italian and Yugoslav courses of action will obviously depend on whether the US and UK proceed at once to implement their decision of 8 October, withdraw it, postpone its implementation, or implement it in various possible stages and timings. Lacking clear assumptions on these points, the OIR terms provide only an outline for a generalized briefing paper, but hardly for an estimate. It is possible, and is presumably OIR's intention, to take account of these alternative assumptions in dealing with the questions under I.A.4, I.B.4, and III.A. Even if OIR's contribution includes these points, however, the drafting of the paper in this form will offer special difficulties, and it is unlikely in the end to achieve very much clarity. Although for these reasons the OIR terms do not seem likely to lead to a very useful estimate, it would nevertheless be possible to distribute them or parts of them to the agencies as the basis for a preliminary examination of the Trieste question. Developments might in the meantime take such a course as to permit a more precise formulation of the problem at a later stage.

3. Our own draft terms of reference, while they are an attempt to define more precisely the problems on which an estimate would be useful, raise certain other questions. First, there is the question of the propriety of an estimate based on alternative US courses of action in the absence of a specific request from policy officers.

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Second, there is the fact that negotiations on Trieste are in progress, that the situation is changing from day to day, and in particular that the assumptions about US policy included in the paper could not be exhaustive and might have to be revised in mid-course.

4. The course suggested in l.c. above, that is, that the Board recommend to the IAC that no estimate bearing on the immediate Trieste crisis be written at this time, could be based on the considerations set forth in Paragraph 3. The only really cogent argument against this course would seem to be that a new and critical situation has arisen which calls for new intelligence judgments, and these should be made through the IAC machinery if possible. What is suggested here is that this machinery will not work very well to produce an estimate on a current crisis, particularly in the absence of authoritative assumptions about US policy. The post-crisis reassessment also suggested in l.c. above will probably be needed in any case.



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Attachments (See Attachments to psc No 77 of 26 Oct 53)

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CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

13 October 1953

PROPOSAL FOR IAC ACTION

*7 alternative*  
It is recommended that a Special Estimate be scheduled on "Probable Developments in the Trieste Situation." The paper should be written on the following assumptions:

1. That the US and UK proceed with their plan announced on 8 October to withdraw their troops from Trieste and turn Zone A over to Italian control.

2. That the US and UK turn Zone A over to Italian control as announced but leave a token force or naval forces as an earnest of their determination to guarantee the solution contained in their decision of 8 October.

3. That the US and UK, pending implementation of their decision to withdraw, or while its implementation is proceeding, propose to the Italians to accept the Yugoslav suggestion for four-power negotiations.

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CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

13 October 1953

MEMORANDUM TO DCI

SUBJECT: Yugoslav Reaction to the US-UK Decision on Trieste

1. The Yugoslav reaction to the US-UK decision of 8 October to withdraw from the city of Trieste and Zone A and to turn the area over to Italian control has assumed an increasingly menacing tone in the last few days. Although the first official Yugoslav response, contained in a note of 9 October, appeared relatively mild and referred to action "on the basis of the United Nations Charter," the public demonstrations and particularly the speeches made by Tito on succeeding days have implied a Yugoslav intention to take military action to prevent Italian occupation of Zone A. In his speech on 10 October, Tito specifically threatened that Yugoslav troops would enter Zone A if Italian troops did so.

2. It was to be expected that Tito, in the interests of his domestic prestige, would feel it necessary to make a vigorous show of protest to the US-UK decision. As the head of a one-party state and a regime whose stability rests heavily on his personal stature as a protagonist of Yugoslav national interests, he probably felt that a very vigorous reaction was required if he and his regime were not to lose face with the Yugoslav people. The area of doubt arises over how far he will feel it necessary to go. He is not raising a Yugoslav claim to the whole of the Free Territory. Although the most recent Yugoslav proposal was for an internationalization of the area, in earlier negotiations and again in speeches of the last few days he has shown himself willing to concede the city of Trieste to Italy provided Yugoslavia obtained Zone B together with those portions of Zone A where Slovenes are numerous. Such a solution would isolate Trieste from Italian territory and it is not clear at this point whether Tito would agree to concede an Italian land corridor although the presumption is that he would in return for other concessions.

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3. We believe that Tito's intentions at this time are to force the US and UK to delay implementation of their decision to turn Zone A over to Italy and to bring about negotiations in which some concessions to Yugoslavia might be obtained. These might take the form of adjustments of the zonal boundary, guarantees by Italy for Slovene minority rights and for Yugoslav access to port facilities, and finally an Italian guarantee backed by the US and UK that such a settlement would be definitive and that no new Italian claims in the Istrian area would be raised at a later date. The latest Yugoslav move calling for a four-power conference (US, UK, Italy, Yugoslavia) sustains this estimate of Tito's intentions.

4. We do not believe, despite Tito's bellicose utterances of the last few days, that he would risk a clash with US-UK troops in Trieste. This would be tantamount to a willingness to sacrifice at one stroke his relationship of growing intimacy with the West which has brought him much needed economic and military support. It would throw Yugoslavia back into the isolation in which she found herself in 1948 at the time of the break with Stalin, and from which she has by persistent diplomatic effort regained a position which has enhanced not only her prestige but her security as well. The alternative of returning to the Soviet fold is almost certainly not one which Tito could realistically entertain. He could hardly ever again feel safe in the company of his former Moscow comrades, and in addition such a move would probably raise the most serious difficulties for his regime both in the Yugoslav Communist Party and in the country.

5. Assuming that US-UK plans to withdraw are carried out and Italian troops occupy Zone A, Tito, as a result of his utterances of the last few days, will have to choose between making good his threat to enter Zone A or of ultimately backing down. It seems unlikely, if even a token US-UK force is left in Trieste to guarantee the solution on which the two powers have decided, that he would risk the complications that would follow an attempt to carry out his threat in these circumstances. In a situation in which the Italians were left in sole occupation of Zone A, his behavior can be predicted with considerably less confidence. In the period of probably two to three months before this situation could be brought about other developments could intervene which could affect Tito's decision. We believe, however, that there would probably be great danger of a local Italian-Yugoslav clash if US-UK forces withdraw completely without further concessions to the Yugoslavs.

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6. Italian opinion has been calm thus far and has appeared satisfied to accept the US-UK decision as an adequate fulfillment of Italian claims at this time. The Italians have at once rejected the Yugoslav suggestion for a four-power discussion of the Trieste problem. It seems probable that if the crisis is protracted the Italians will also assume a more bellicose attitude and will make demands which they have put forward in previous negotiations and which have not been met by the US-UK decision to assign them Zone A.

7. Soviet intervention since the development of the new Trieste crisis has taken the form of a protest note to the US, Britain, and France denouncing the US-UK decision as a violation of the Italian peace treaty. The note apparently does not lend support to either the Yugoslav or Italian claims and presumably represents, thus far at least, only a Soviet attempt to capitalize propaganda-wise on the US-UK predicament. It is quite possible that in pursuit of these tactics the USSR will demand that the dispute be referred to the Security Council. The Yugoslavs themselves have already advised the UN that a "threat to peace" exists in the Trieste area.

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